



House Bill 4714: Medicaid Reform

Presentation to House Committee on Michigan Competitiveness
June 5, 2013

BENEFITS TO REFORMING MEDICAID



- Help more Michigan citizens have access to cost-effective care
- Make sure Michigan tax dollars are spent to help Michigan families.
- Protect Michigan families and small businesses currently paying more for health care because of uncompensated care.
- Reform Medicaid to make Michigan healthier



HELP MORE MICHIGAN CITIZENS HAVE ACCESS TO COST-EFFECTIVE CARE

- 320,000 people in need will have the opportunity to be insured within the first year alone.
- Medicaid reform will provide care that is much more cost-effective to the state as a whole. Instead of costly trips to the emergency room, Michigan families can access more effective and less costly primary care.

BRINGING MICHIGAN TAX DOLLARS BACK TO MICHIGAN



Michigan will see significant economic benefit.

By reforming Medicaid, Michigan could receive back from the federal government an additional \$3.8 billion.

- \$1.5 billion for FY 2014
- \$2.3 billion for FY 2015



Medicaid reform will also save the state \$481 million for programs it pays for with state tax dollars.

- \$206 million for FY 2014
- \$275.0 million for FY 2015

\$4.3
billion
= state
benefit

Michigan taxpayers are paying for the Affordable Care Act. Michigan legislators can choose whether those dollars will come back to help Michigan's economy and families – or another state.

- House Fiscal Agency, Medicaid Expansion, 2012-2014 Executive Budget Recommendation, March 4, 2013
- Senate Fiscal Agency, State Budget Overview, February 14, 2013
<http://www.senate.michigan.gov/dfa/Publications/BudUpdates/StateBudgetOverviewFeb2013.pdf> - Last Accessed March 7, 2013
- Gov. Snyder Medicaid Expansion proposal, Feb. 6., http://www.michigan.gov/snyder/0,4668,7-277-5757_57657-294479--,00.html

WITHOUT MEDICAID REFORM, MICHIGAN JOB PROVIDERS WILL BE PAYING MORE



- Hospitals are required to provide health care for people that need it. When people receive health care and are unable to pay, EVERYONE else pays more to make up the difference.
- Small businesses and families are already paying more for their health insurance due to uncompensated care – an estimated \$1,017 per policy.*
- Without acting now, Michigan job providers could pay an estimated \$81 million in shared responsibility liabilities – threatening their ability to create jobs. **

*DCH presentation to Senate Appropriations Subcommittee on Community Health, Feb. 21, 2013.
http://www.michigan.gov/documents/mdch/Medicaid_Budget_FY2014-Senate_412081_7.pdf, Slide 25

**Jackson Hewitt study, "Without Medicaid Expansion, Employers Face Higher Tax Penalties Under ACA," March 13, 2012.
[http://images.go.jacksonhewitt.com/Web/JacksonHewittTechnologyServicesLLC%7B6efffd-tab-9091-4659-a8a4-dfe5a759135%7D_Employer_Penalties_and_Medicaid_Expansion_\(Mar_2013\)_3-11-2013.pdf](http://images.go.jacksonhewitt.com/Web/JacksonHewittTechnologyServicesLLC%7B6efffd-tab-9091-4659-a8a4-dfe5a759135%7D_Employer_Penalties_and_Medicaid_Expansion_(Mar_2013)_3-11-2013.pdf)

BY REFORMING MEDICAID, WE HAVE AN OPPORTUNITY TO MAKE MICHIGAN HEALTHIER



Indiana has seen significant success through a similar concept called the “Healthy Indiana Plan”

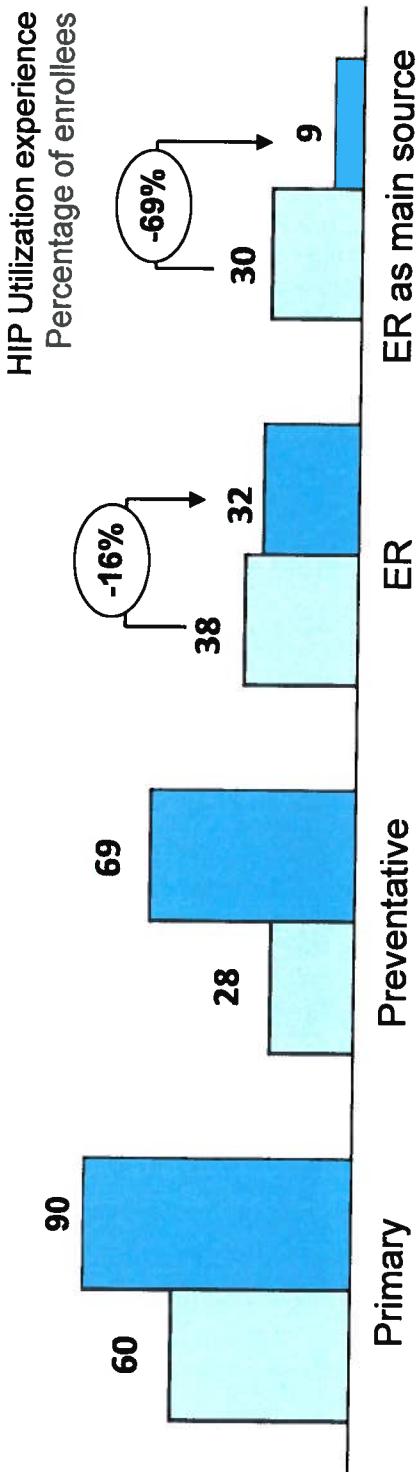
Plan Overview

- An HSA-like Personal Wellness and Responsibility (POWER) account funded by enrollees based on their income with the state funding the remainder with a \$1,100 limit
- The POWER Account is used to pay for an initial \$1,100 deductible
- Employers and non-profits may help fund a portion of the member's required contribution
- Preventive services are not subject to the deductible up to \$500
- After the deductible is met, benefits are provided under a comprehensive benefit plan
- Non-payment of the monthly contribution results in termination from the program and a 12-month penalty period before the individual can reenroll



INDIANA HAS ACHIEVED PROMISING OUTCOMES WITH THE “HEALTHY INDIANA PLAN”

- **80% complete their preventive services requirements**
- **90% have a physician visit within 12 months**
- **69% fewer enrollees used the ER as the primary source of care**
- Usage of prescription medication increased and inpatient, outpatient, ER and physician services declined—suggesting HIP members **improved chronic condition management** with prescription medication
- Results in Indiana show that **94% of enrollees are highly satisfied** with coverage and meet their contribution requirements with **only 3% being disenrolled due to failure to pay**



Indiana Family and Social Services Administration, Healthy Indiana Plan 1115 Waiver Extension Application, available here:
<http://www.in.gov/fssa/hip/files/April122013HIPWaiverExtensionApp.pdf>

At the Blues, our Healthy Blue Living products are helping our customers produce real results in their journey toward better health.

How it works

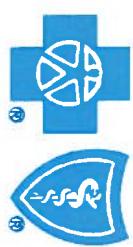
Members who meet six key wellness targets or participate in improvement efforts pay lower cost sharing

Six Aspects

Wellness Targets

- | | | |
|----------------|---|--------------------------------|
| Smoking Status | → | Non-smoker |
| Weight | → | Body mass index below 30 |
| Blood Pressure | → | At or below 140/90 |
| Cholesterol | → | LDL-C below target |
| Depression | → | Pass a screening exam |
| Diabetes | → | Blood sugar at or below target |

Members are required to complete a Health Assessment each year, keeping members engaged with their health





Healthy Blue Living customers produce real results in their journey toward better health.

Health Improvements

- 71% with high blood pressure are now within a healthy range
- 61% with high blood sugar are now at an acceptable level
- 55% with high cholesterol are now at an acceptable level
- 52% agreed to stop smoking

Cost Savings

- Businesses that choose Healthy Blue Living products receive a 10% premium reduction
- Over time, we believe Healthy Blue Living products will have a significant impact helping to contain health care costs as overall health improves

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QUESTIONS?